

Message Text

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ACTION NEA-16

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJECT: INDIA'S FOREIGN EXCHANGE RESERVES

REF: NEW DELHI 5259

SUMMARY: INDIA'S FOREIGN EXCHANGE RESERVES WERE DOLS 1,314 MILLION AT END-FEBRUARY 1974 AND ARE ESTIMATED BY EMBASSY TO BE DOLS 1,638 MILLION ON MAY 3, 1974. END SUMMARY.

2. OFFICIAL INDIAN DATA ON RESERVES FOR THE MONTH OF FEBRUARY, 1974 SHOW RESERVE BANK OF INDIA (RBI) HOLDINGS OF FOREIGN EXCHANGE OF RS. 1.32 BILLION (DOLS 522 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE ON LONDON MARKET IN FEBRUARY OF RS. 8.28 EQUAL DOLS 1.00), INCLUDING DOLS 75 MILLION OBTAINED UNDER THE IMF'S COMPENSATORY FINANCING FACILITY. OTHER COMPONENTS WERE: (A) RS. 915 MILLION (DOLS 111 MILLION) IN FOREIGN EXCHANGE HOLDINGS OF THE GOI; AND (B) RS. 1.83 BILLION IN GOLD (DOLS 293

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MILLION VALUED AT DOLS 42.22 AN OUNCE). ACCORDING TO MAY 1974

"INTERNATIONAL FINANCIAL STATISTICS (IFS), INDIA'S SDR HOLDINGS AT END FEBRUARY WERE DOLS 296 MILLION AND GOLD TRANCHE POSITION DOLS 92 MILLION. TOTAL RESERVES AT END-FEBRUARY THUS TOTALLED SOLS 1,314 MILLION.

3. ONLY INCOMPLETE DATA AVAILABLE PAST FEBRUARY. ACCORDING TO THE RBI'S LATEST WEEKLY BALANCE SHEET, THE RBI ON MAY 3, 1974 HAD FOREIGN EXCHANGE HOLDINGS OF RS. 7.33 BILLION (DOLS 933 MILLION BASED ON AVERAGE DOLLAR-STERLING CROSS RATE IN LONDON DURING APRIL OF RS. 7.86 EQUAL DOLS 1.00). THIS FIGURE INCLUDES INDIA'S DRAWING OF ITS FIRST CREDIT TRANCHE. ITS GOLD HOLDINGS ON MAY 3 CONTINUED TO BE RS. 1.83BILLION (DOLS 293 MILLION). INENA'S SDRS WERE DOLS 296 MILLION AT END OF MARCH 1974, ACCORDING TO IFS.

4. ASSUMING NO CHANGE IN GOI (AS OPPOSED TO RBI) BALANCES HELD ABROAD SINCE FEBRUARY, OR OF SDRS SINCE THE END OF MARCH, INDIA'S TOTAL RESERVES ON MAY 3, 1974 ARE ESTIMATED BY THE EMBASSY AT DOLS 1, 48 MILLION. WITHOUT DRAWING OF FIRST CREDIT TRANCHE, RESERVES WOULD BE ABOUT DOLS 1,350 MILLION.
SCHNEIDER

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